

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	Note	Individual Quarter 3 Months Ended		Cumulative Period Financial Period Ended	
		30/9/2010 RM'000	30/9/2009 (restated) RM'000	30/9/2010 RM'000	30/9/2009 (restated) RM'000
Revenue		20,061	22,170	61,831	58,505
Cost of goods sold		(17,068)	(16,327)	(51,777)	(49,001)
Gross profit		<u>2,993</u>	<u>5,843</u>	<u>10,054</u>	<u>9,504</u>
Other income		657	707	2,132	2,314
Administrative expenses		(3,501)	(4,104)	(10,452)	(11,602)
Distribution costs		(1,223)	(1,101)	(2,823)	(3,439)
Other expenses		(38)	(86)	(50)	(906)
Operating (Loss)/profit		<u>(1,112)</u>	<u>1,259</u>	<u>(1,139)</u>	<u>(4,129)</u>
Finance costs		(872)	(1,028)	(2,741)	(3,156)
(Loss)/Profit before taxation		<u>(1,984)</u>	<u>231</u>	<u>(3,880)</u>	<u>(7,285)</u>
Taxation		(11)	(13)	(66)	(41)
(Loss)/Profit for the period		<u>(1,995)</u>	<u>218</u>	<u>(3,946)</u>	<u>(7,326)</u>
(Loss)/Profit attributable to :					
Owners of the Parent		(2,090)	58	(4,141)	(7,468)
Non-controlling interests		95	160	195	142
		<u>(1,995)</u>	<u>218</u>	<u>(3,946)</u>	<u>(7,326)</u>
Profit per share attributable to owners of the parent (sen) :-					
- Basic		(1.57)	0.04	(3.11)	(5.60)
- Diluted		N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	Individual Quarter		Cumulative Period	
	3 Months Ended		Financial Period Ended	
	30/9/2010	30/9/2009 (restated)	30/9/2010	30/9/2009 (restated)
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the period	(1,995)	218	(3,946)	(7,326)
Other comprehensive income:				
Translation of foreign operations	(1)	(14)	(4)	9
Other comprehensive income net of tax	(1)	(14)	(4)	9
Total comprehensive income for the period	(1,996)	204	(3,950)	(7,317)
Total comprehensive income attributable to:				
Owners of the Parent	(2,091)	44	(4,145)	(7,459)
Non-controlling interests	95	160	195	142
	(1,996)	204	(3,950)	(7,317)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2010**

	Unaudited As at 30/9/2010	Audited As at 31/12/2009 (restated)
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	112,842	117,679
Available-for-sale investments	3,679	3,679
Intangible assets	16,485	17,145
	<u>133,006</u>	<u>138,503</u>
<b>Current Assets</b>		
Inventories	18,026	13,435
Trade receivables	19,298	16,836
Other receivables, deposits & prepayments	2,235	3,250
Derivative financial instruments	65	-
Tax recoverable	90	268
Cash and bank balances	4,871	5,158
	<u>44,585</u>	<u>38,947</u>
<b>TOTAL ASSETS</b>	<u><u>177,591</u></u>	<u><u>177,450</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners of the Parents</b>		
Share capital	66,622	66,622
Reserves	6,302	10,447
	<u>72,924</u>	<u>77,069</u>
<b>Non-Controlling interest</b>	1,485	1,290
<b>Total Equity</b>	<u>74,409</u>	<u>78,359</u>
<b>Non Current Liabilities</b>		
Term loans	36,711	42,756
Deferred income	11,856	11,643
Deferred tax liabilities	2,226	2,226
	<u>50,793</u>	<u>56,625</u>
<b>Current Liabilities</b>		
Trade payables	23,028	11,433
Other payables and accruals	11,067	7,582
Provision for warranty costs	-	171
Derivative financial instruments	12	39
Short term borrowings		
- overdrafts	-	459
- other borrowings	18,282	22,782
	<u>52,389</u>	<u>42,466</u>
<b>Total Liabilities</b>	<u>103,182</u>	<u>99,091</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>177,591</u></u>	<u><u>177,450</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	← Attributable to Owners of the Parent →				Total	Non-controlling Interest	Total Equity
	Share Capital	Non Distributable		Distributable			
		Share Premium	Exchange Fluctuation Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2010	66,622	4,865	116	5,505	77,108	1,290	78,398
Effects of applying FRS 139				(39)	(39)		(39)
Restated balance	66,622	4,865	116	5,466	77,069	1,290	78,359
Total comprehensive income for the period	-	-	(4)	(4,141)	(4,145)	195	(3,950)
As at 30 September 2010	66,622	4,865	112	1,325	72,924	1,485	74,409

	← Attributable to Owners of the Parent →				Total	Non-controlling Interest	Total Equity
	Share Capital	Non Distributable		Distributable			
		Share Premium	Exchange Fluctuation Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Restated							
As at 1 January 2009	66,622	4,865	131	12,645	84,263	1,159	85,422
Total comprehensive income for the period	-	-	9	(7,468)	(7,459)	142	(7,317)
As at 30 September 2009	66,622	4,865	140	5,177	76,804	1,301	78,105

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	<b>9 Months ended 30/9/2010</b>	<b>9 Months ended 30/9/2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(3,880)	(7,285)
Adjustments for -		
Allowance for doubtful debts	37	50
Allowance for doubtful debts no longer required	-	(226)
Amortisation of development cost	2,044	-
Amortisation of intangible assets	305	258
Amortisation of prepaid lease payment	103	103
Deferred income released	(1,892)	(1,159)
Bad debts written off	-	141
Depreciation	4,489	4,779
Interest expense	2,741	3,156
Interest income	(45)	(7)
Inventory written off	33	1,607
Inventory written down	(75)	1,298
Impairment loss for investment	-	800
Impairment loss on inventory	(185)	-
Reversal of inventory written down	-	(2,991)
Gain/(Loss) on disposal of property, plant and equipment	(132)	(43)
Other non-cash movements	(92)	-
Provision for warranty cost	(171)	-
Fixed assets written off	18	273
Unrealised (gain)/loss on foreign exchange	680	-
Operating loss before working capital changes	<u>3,978</u>	<u>754</u>
Changes in working capital		
Inventories	(4,364)	13,690
Receivables	(3,670)	995
Payables	16,605	(7,662)
Cash generated from operations	<u>12,549</u>	<u>7,777</u>
Interest paid	(2,741)	(3,156)
Grant received	2,105	4,321
Tax refund	126	584
Tax paid	(33)	(314)
Net cash generated from operating activities	<u>12,006</u>	<u>9,212</u>
<b>Cash Flows From Investing Activities</b>		
Interest received	45	7
Development expenditure	(1,689)	(2,129)
Proceeds from disposal of property, plant & equipment	379	585
Purchase of computer software	-	(17)
Purchase of property, plant and equipment	(22)	(679)
Net cash outflow from investing activities	<u>(1,287)</u>	<u>(2,233)</u>

**Cash Flows From Financing Activities**

Short term borrowings	(3,737)	(8,018)
Proceeds from term loan drawdown	1,162	5,000
Hire purchase payables	-	(77)
Repayment of term loan	(7,970)	(4,464)
Net cash (outflow)/inflow from financing activities	<u>(10,545)</u>	<u>(7,559)</u>
<b>Net Increase In Cash And Cash Equivalents</b>	174	(580)
<b>Cash And Cash Equivalents As At 1 January</b>	4,699	3,308
Foreign exchange differences on opening balance	<u>(2)</u>	<u>(4)</u>
<b>Cash And Cash Equivalents As At 30 September</b>	<u><u>4,871</u></u>	<u><u>2,724</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2009.

# **PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**

## **Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

### **1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative period in the current quarter to 30 September 2010 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 December 2009.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2009, except for the following:

#### **i) Adoption of New and Revised FRSs, IC Interpretations and Amendments**

In the current period ended 30 September 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

- FRS 7, Financial Instruments: Disclosures.
- FRS 8, Operating Segments.
- FRS101 (revised), Presentation of Financial Statements.
- FRS 123 (revised), Borrowing Costs.
- FRS 132 (revised), Financial Instruments: Presentation.
- FRS 139, Financial Instruments: Recognition and Measurement.
- IC Interpretation 9, Reassessment of Embedded Derivatives.
- IC Interpretation 10, Impairment and Interim Financial Reporting.
- Amendments to FRS 8
- Amendments to FRS 139, FRS 7 and IC Interpretation 9
- Amendment to FRS 117
- Amendment to FRS 134

### **2 Audit Report of Preceding Annual Financial Statements**

The audit report of the Group’s most recent annual audited financial statements for the year ended 31 December 2009 was not subject to any qualification.

### **3 Seasonal and Cyclical Factors**

The Group sells its products and services to customers from various sub-sectors of the semiconductor and manufacturing industries. As such, the Group’s performance will, to a certain extent, depend on the outlook and cyclical nature of the semiconductor and manufacturing industries. Notwithstanding the cyclical nature of the semiconductor industry, the Group has a wide product range and customer base globally to mitigate any adverse developments affecting a particular geographical market and/or customer type.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)  
Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

**4 Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**5 Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

**6 Valuations of Property, Plant and Equipment**

The carrying values of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

**7 Changes in Share Capital and Debt**

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the period under review.

**8 Contingent Liabilities**

As at 30 September 2010, the Company has issued corporate guarantees amounting to RM46.0 million (31.12.09: RM37.9 million) as security for banking facilities granted to the Company and its subsidiaries of which RM26.0 million (31.12.09 : RM32.5 million) were utilized.

**9 Capital Commitments**

There were no major capital commitments for the Group as at the date of this report.



**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

**10 Segmental Information**

**Results for period ended 30 September 2010**

	Contract manufacturing	Automated Equipment	Intelligent Sortation System	Test & Measurement System	Information Technology System	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External Revenue	17,483	31,984	8,954	2,109	1,302	-	61,832
Inter-segment revenue	4,817	249	-	292	642	4,489	10,489
<b>Total revenue</b>	<b>22,300</b>	<b>32,233</b>	<b>8,954</b>	<b>2,401</b>	<b>1,944</b>	<b>4,489</b>	<b>72,321</b>
<b>Results</b>							
Segment results	(1,371)	999	(2,163)	(90)	(455)	1,941	(1,139)
Finance cost	1	(712)	(1,842)	(16)	-	(172)	(2,741)
<b>Profit/(Loss) before taxation</b>	<b>(1,370)</b>	<b>287</b>	<b>(4,005)</b>	<b>(106)</b>	<b>(455)</b>	<b>1,769</b>	<b>(3,880)</b>
Taxation	(6)	(6)	(45)	(2)	(4)	(3)	(66)
<b>Profit/(Loss) after taxation</b>	<b>(1,376)</b>	<b>281</b>	<b>(4,050)</b>	<b>(108)</b>	<b>(459)</b>	<b>1,766</b>	<b>(3,946)</b>

**Results for period ended 30 September 2009**

	Contract manufacturing	Automated Equipment	Intelligent Sortation System	Test & Measurement System	Information Technology System	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External Revenue	17,003	18,727	19,771	2,104	900	-	58,505
Inter-segment revenue	1,778	587	-	139	35	1,578	4,117
<b>Total revenue</b>	<b>18,781</b>	<b>19,314</b>	<b>19,771</b>	<b>2,243</b>	<b>935</b>	<b>1,578</b>	<b>62,622</b>
<b>Results</b>							
Segment results	(3,242)	(332)	568	357	(804)	(676)	(4,129)
Finance cost	(120)	(798)	(1,856)	(18)	-	(365)	(3,157)
<b>Profit/(Loss) before taxation</b>	<b>(3,362)</b>	<b>(1,130)</b>	<b>(1,288)</b>	<b>339</b>	<b>(804)</b>	<b>(1,041)</b>	<b>(7,286)</b>
Taxation	(7)	(7)	(15)	(2)	(3)	(6)	(40)
<b>Profit/(Loss) after taxation</b>	<b>(3,369)</b>	<b>(1,137)</b>	<b>(1,303)</b>	<b>337</b>	<b>(807)</b>	<b>(1,047)</b>	<b>(7,326)</b>

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

**11 Events Subsequent to the End of the Period**

Other than the corporate proposal disclosed in Note 20 below, there were no material events subsequent to the end of the period under review that have not been reflected in the interim financial statements.

**12 Review of Performance**

The Group’s revenue was lower at RM20.0 million in the current quarter, representing a decrease of 10% when compared to RM22.2 million in the previous corresponding quarter. The lower revenue was mainly due to a drop in demand in the industrial sector for material handling system.

Consequently, the Group registered a loss before tax of RM1.9 million as compared to profit before tax of RM0.3 million in the preceding year corresponding quarter. This is mainly due to a change in sales mix resulting in lower profit margin in the current quarter.

**13 Material Changes in the Quarterly Results as Compared with the Preceding Quarter**

The Group’s revenue of RM20.0 million for the third quarter has dropped by 11% as compared to RM22.5 million registered in the preceding quarter. The decrease was due to softer demand for automated equipment in the current quarter.

The Group recorded a loss before tax of RM1.9 million against RM0.8 million profit before tax in the preceding quarter due to the drop in revenue and a change in sales mix resulting in lower profit margin in the current quarter.

**14 Current Year Prospect**

The Group anticipates the softer demand for automated equipment to persist in quarter 4. However, the management will continue to exercise cost saving measures to improve business performance.

**15 Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued by the Group.

**16 Taxation**

The taxation charge for the current quarter and year to date is as follows -

	Current Quarter RM’000	Current Year to Date RM’000
Income tax payable	11	66

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

**17 Sale of Unquoted Investments and/or Properties**

There were no sales of unquoted investments or properties during the period under review.

**18 Purchase or Disposal of Quoted Securities**

The Group is currently not holding any quoted securities and there were no purchase or disposal of quoted securities for the period under review.

**19 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the period under review.

**20 Corporate Proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this announcement.

On 15 October 2010, OSK Investment Bank Berhad had on behalf of the Board of Directors of the Company announced that the following agreements were entered into:-

(a) Real Properties Sale and Purchase Agreement between Pentamaster Technology (M) Sdn Bhd, a wholly-owned subsidiary of the Company as the vendor and Benchmark Electronics (M) Sdn Bhd as the purchaser for the proposed disposal of the following for an aggregate cash consideration of RM42 million:

- (i) all that piece of leasehold land known as Pajakan Negeri No. 6458, Lot No. 14819, Mukim 12, District of Barat Daya, State of Pulau Pinang measuring approximately 8,162 square metres together with an office building and a single storey factory erected thereon known as Plot 17A, Medan Bayan Lepas, Technoplex, Taman Perindustrian Bayan Lepas Fasa 4, 11900 Bayan Lepas, Pulau Pinang; and
- (ii) all that piece of leasehold land known as Pajakan Negeri No. 6451, Lot No. 14837, Mukim 12, District of Barat Daya, State of Pulau Pinang measuring approximately 12,070 square metres together with a double storey factory building erected thereon, known as Plot 17B, Medan Bayan Lepas, Technoplex, Taman Perindustrian Bayan Lepas Fasa 4, 11900 Bayan Lepas, Pulau Pinang,

(collectively known as “Properties”); and

(b) Assets Sale and Purchase Agreement between Pentamaster Equipment Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Company as the vendor and Benchmark as the purchaser for the disposal of certain Computerised Numerical Control fabrication machinery and equipment for a cash consideration of RM8 million;

(hereinafter referred to as the “Proposed Disposal”).

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

As at the date of this announcement, the Proposed Disposal is subject to the following approvals:-

- (a) the shareholders of the Company at an extraordinary general meeting to be convened; and
- (b) the Penang Development Corporation and Penang State Authority for the transfer of the Properties. The application to the Penang Development Corporation has been approved on 9 November 2010 whilst the Company is still awaiting approval from the Penang State Authority.
- (c) any other relevant authorities

**21 Borrowings**

The Group’s borrowings as at the end of the reporting quarter are as follows:-

	RM'000
<u>Short term borrowings (unsecured)</u>	
Banker's acceptance and receivable factoring	1,917
Term loan	6,000
	7,917
 <u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	6,178
Term loan	4,186
	10,364
Total	18,281
 <u>Long term borrowings</u>	
Term loan - unsecured	23,000
Term loan - secured	13,711
Total	36,711
 Total utilisation	 54,992

All borrowings are denominated in Ringgit Malaysia.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

**22 Derivative Financial Instruments**

As at the date of the statement of financial position 30 September 2010, the Group has the following outstanding derivative financial instruments:

<b>Derivatives</b>	<b>Contract or Notional amount (RM)</b>	<b>Fair value Net gains (RM)</b>	<b>Purpose</b>
Currency forward contracts: - Less than 1 year	2,662,625	52,684	For hedging currency risk

For the quarter ended 30 September 2010, there have been no significant changes to the Group’s exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group’s risk management objectives, policies and processes since the previous financial year end. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

**23 Material Litigations**

There was no material litigation since the last annual balance sheet date until the date of this announcement.

**24 Dividends**

The Board of Directors does not recommend any dividend in respect of the financial period ended 30 September 2010.

**25 Profit/(Loss) Per Share**

(a) Basic Profit/(Loss) Per Share

The calculation of basic profit/(loss) per share for the period is based on the net profit/(loss) attributable to ordinary shareholders for the quarter and the financial period divided by the weighted average number of ordinary shares in issue during the period of 133,243,050 (2009 : 133,243,050).

(b) Diluted Profit/(Loss) Per Share

The basic and diluted profit/(loss) per share for the current financial period are the same as there is no dilutive potential ordinary shares during the period.

The effect on the basic loss per share for the previous corresponding financial period arising from the assumed exercise of employees share options was anti-dilutive. Accordingly, the diluted loss per share in the previous corresponding period is equal to the basic loss per share.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2010**

BY ORDER OF THE BOARD

**LIM KIM TECK**  
**Secretary**  
**18 November 2010**